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15 August 1960

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CENTRAL INTELLIGENCE BULLETIN



State Dept. review completed

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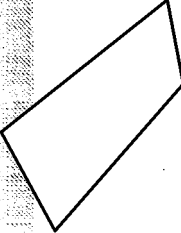
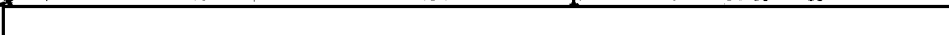
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III. THE WEST

25X1  Belgium: [While no decision has been taken to cut the Belgian defense budget in line with Prime Minister Eyskens' announcement on 9 August that Belgium will revise its NATO commitments in view of Congo developments, political pressure continues for a drastic reduction of \$120,000,000--one third of the budget. Cancellation of the F-104G fighter-plane program and a partial withdrawal of Belgian troops from West Germany are considered likely first steps in the event such a reduction is ordered. According to a high Belgian defense official, the whole future of Belgium's military forces is very fluid and depends on events in the Congo, especially the effect on the public of loss of the Kamina base and the removal of troops from Ruanda-Urundi.] 

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DAILY BRIEF

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*Laos: The rebel-controlled Vientiane radio has announced that King Savang has designated National Assembly President Souvanna Phouma to form a new government. This action follows Savang's acceptance on 14 August of the resignation of the Som-sanith government, which had received a vote of no confidence the previous day from the assembly in Vientiane. The assembly's vote, which was "unanimous," apparently had been forced by the rebel Kong Le group controlling Vientiane, and Premier Som-sanith and other government leaders in Luang Prabang initially dismissed it as illegal. The king presumably acted to avert a military showdown, which was becoming increasingly likely with the failure of repeated efforts to negotiate a settlement with Kong Le.

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Souvanna Phouma engineered the short-lived integration settlement with the Communist Pathet Lao dissidents while premier in 1957. He still feels that Laos' best interests can be served by a rapprochement with the Pathet Lao and pursuance of a policy of strict neutrality.

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DAILY BRIEF

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Drastic Cuts Threatened in Belgian Defense Budget

[The American Embassy in Brussels reports continuing political pressure for a one-third reduction of the Belgian defense budget, in line with Prime Minister Eyskens' announcement on 9 August that developments in the Congo will result in a revision in Belgium's NATO commitments. Cancellation of the F-104G fighter-plane program and a partial withdrawal of Belgian troops from West Germany are considered likely first steps in the event such a reduction is ordered.]

[According to a high Belgian defense official, the whole future of Belgium's military forces is very fluid and turns on the outcome of events in the Congo, especially on public reaction to the loss of the Kamina base and the removal of troops from Ruanda-Urundi. The embassy expects considerable "in-fighting" at the highest levels of the government before the defense issue is resolved.]

[At his press conference on 9 August Eyskens, embittered by what he considered lack of support from Belgium's NATO partners during the Congo crisis, announced that his government would initiate an "austerity program" involving reductions in orders for military equipment within the framework of NATO and amortization of the Belgian bases in the Congo, which were built in the rearmament period following the Korean war at a cost of \$70,000,000. Some Belgian political leaders have already privately criticized Eyskens' statement as "untimely and childish."]

[Prior to the Congo crisis, however, parliament had already trimmed the defense estimates calling for an 8-percent increase over the 1959 budget and the Senate had asked to reconsider defense expenditures in the fall. The weak Eyskens coalition government, sensitive to a strong public sentiment in favor of reducing defense spending, has never fully met its NATO requirements since it took office in November 1958. Moreover, the Belgian press, angered by the Security Council's resolutions on the Congo, has stressed the uselessness of continuing costly military efforts within NATO when the Western powers have demonstrated complete indifference to Belgian interests.]

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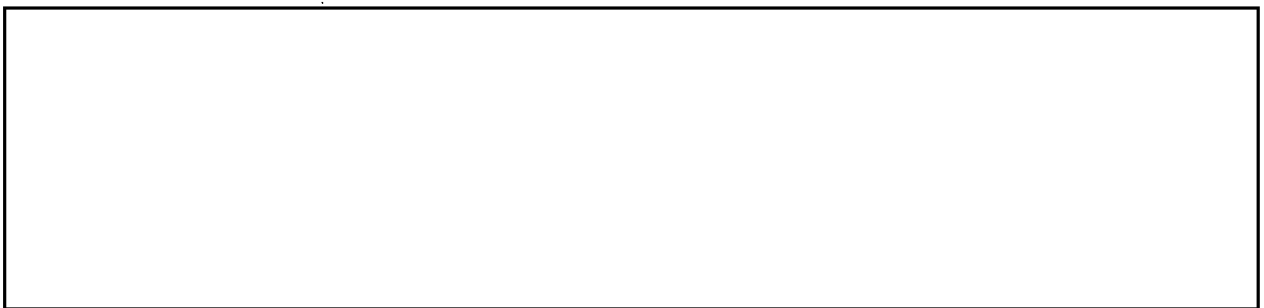
Situation in Laos

King Savang has designated National Assembly President Souvanna Phouma to form a new government, according to the rebel-controlled Vientiane radio. This action follows Savang's acceptance on 14 August of the resignation of the Somsanith government, which had received a vote of no confidence the previous day from the National Assembly in Vientiane. The assembly's "unanimous" vote apparently had been forced by the rebel Kong Le group controlling Vientiane, and Premier Somsanith and other government leaders in Luang Prabang initially dismissed it as illegal.

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These developments occurred when the government seemed to be gaining the upper hand over Kong Le, who had been unsuccessful in extending his control beyond Vientiane and only had about 1200 troops at his disposal. The king presumably acted in the interests of national unity, since a military showdown was becoming increasingly likely with the failure of repeated efforts to negotiate a settlement with Kong Le. Lao Defense Minister Phoumi, chief advocate of direct action to settle the revolt, had already initiated psychological warfare activities against the rebel paratroop units in Vientiane with the introduction of Lao special agents and teams, and was proceeding rapidly with attack plans.



The king's course may have been influenced by fear that Kong Le might defect with his troops to the side of the Communist Pathet Lao dissidents if he couldn't derive satisfaction from the government for his demands for policy reforms. Kong Le has sharply accused the United States of interfering in Laotian affairs, and advocates friendly relations with all nations including the Communist bloc.

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Premier-designate Souvanna engineered the short-lived unification agreement with the Pathet Lao dissidents in November 1957 while premier, and still feels strongly that Laos' best interests can be served by finding common ground with the Pathets and by following a policy of strict neutrality.

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The Secretary of the Treasury

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The Under Secretary of State
The Under Secretary of State for Political Affairs
The Deputy Under Secretary of State for Political Affairs
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The Counselor
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Assistant Chief of Staff for Intelligence, Department of Army
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